CFDs on an Index - Key Information Document

Tickmill UK Ltd

July 2020

//

Purpose: This document provides you with key information about this investment product, specifically CFD on an Index. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

YOU ARE ABOUT TO BUY A PRODUCT THAT IS NOT SIMPLE AND CAN BE DIFFICULT TO UNDERSTAND.

Product: What is this product?

Type: A contract for difference ("CFD") is a leveraged contract entered into with Tickmill UK Ltd ("Tickmill UK") on a bilateral basis. It allows an investor to speculate or hedge on rising or falling prices in an underlying index through online trading platforms. An investor has the ability to buy (or go "long") the CFD to benefit from rising underlying index prices; or to sell (or go "short") the CFD to benefit from falling underlying index prices or not trade at all. The price of the CFD is derived from the price of the underlying index price. For instance, if an investor is long in a CFD and the price of that underlying index rises, the value of the CFD will increase and when the contract can be closed at profit Tickmill UK will pay the difference between the closing value of the contract and the opening value of the contract. Conversely, if an investor is long and the cash price of the underlying index falls, the value of the CFD will decrease; if the contract is then closed, the client will be debited with the difference between the closing value of th e contract and the opening value of the contract. The use of leverage with CFDs has the effect of magnifying both profits and losses.

Objectives: Allows you to speculate on the price movement of an exchange rate or CFD without ever taking delivery of the underlying index over any period. The spread, financing and price movement all determine its profitability.

The objective of the CFD is to allow an investor to gain leveraged exposure to the movement in the value of the underlying index (whether up or down), without needing to buy or sell the underlying index. The exposure is leveraged since the CFD only requires a small proportion of the contract value to be deposited as initial margin and is one of the key features of trading CFDs.

CFDs do not have an expiry date and are therefore open-ended; hence there is no recommended holding period and it is at the discretion of each individual investor to determine the most appropriate holding period based on their own individual trading strategy and objectives.

Target Retail and Professional Investor: Small to large scale retail and professional investors with knowledge and experience of the industry who feel comfortable trading complex financial markets and who wants to trade with money they can afford to lose and have high risk tolerance. Prospective clients will understand how the prices of CFDs are derived, understand the impact of and risks associated with margin trading, its key concepts along with leverage and the potential to bear losses that may exceed d eposits. Trading CFDs offer access to a range of markets. When trading CFDs, you have the potential to diversify your trading strategies as well as taking advantage of different opportunities across global markets.

Available 24/5 - from Monday 00:00 to Friday 24:00 (MT4 server time).

What are the risks and what could I get in return?

This risk indicator is a guide to the level of risk of CFDs compared with other financial products. It shows how likely this product will lose money because of market movements. We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from future performance of the product at a very high level.

Trading CFDs on margin carries a high level of risk and may not be suitable for everybody. The high degree of leverage can work for or against you due to market movement. In addition to market price, there are also other risks associated to this product: foreign exchange risk, market risk, leverage risk, market disruption risk, online trading platform, IT risk, and liquidity risk. Before deciding to trade CFDs, you should carefully consider your trading objectives, level of experience and risk appetite. Trading CFDs requires you to maintain a certain level of funds in your account to keep your positions open. It is possible for you to sustain losses that exceed your initial investment (deposit), therefore you should not deposit money that you cannot afford to lose and if there is a sudden adverse movement in the market you may be required to deposit additional funds at short notice. You should be

aware of all the risks associated with CFDs and seek independent advice if you require further clarification. Please ensure you fully understand the risks and take appropriate care to manage your risk.

Performance Scenarios

The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies. What you get will vary depending on how the market performs and how long you hold the CFD. The different scenarios show what you might get back in different market circumstances, and it does not consider the situation where we are not able to pay you. This key information document applies to any CFD. For each trade you enter, you will be responsible for choosing the CFD instrument, when you open and close, the size of the trade (risk) and whether to use any risk mitigation features (such as stop loss orders).

Assumptions

Index CFD	
Index Opening price	EUR 6000
Trade Size (per CFD)	1 Lot
Margin %	5%
Margin Requirements (€)	EUR 100
Notional value of the trade (€)	EUR 6000

Scenarios

Buy Performance scenario	Closing price	Price change	Profit/ Loss	Sell Performance scenario	Closing price	Price change	Profit/ Loss
Favourable	6090	1.50%	90	Favourable	-1.50%	5910	90
Moderate	6030	0.50%	30	Moderate	-0.50%	5970	300
Unfavourable	5910	-1.50%	-90*	Unfavourable	1.50%	6090	-90*
Stress	5700	-5%	-300*	Stress	5%	6300	-30*

*The loss is restricted to your account balance as we offer negative balance protection.

What happens if Tickmill UK Ltd. is unable to pay out?

In the unlikely event that Tickmill UK was to go into liquidation and we are not able to pay you what is owed, you could lose your entire investment. However, Tickmill UK segregates all retail client funds from its own money in accordance with UK FCA's Client Asset rules, Furthermore, the UK government backed Financial Services Compensation Scheme [FSCS] will protect eligible clients up to a maximum of £85,000. (Most individual clients, regardless of classification will be eligible). See https://www.fscs.org.uk/ for more details.

What are the costs?

Trading a CFD on an any index or WTI with Tickmill UK Ltd incurs the following costs:

CFDs on Indices				
	Classic	**Pro**	**VIP**	**Type of cost**
Spread	From 1.6	From 0.0	From 0.0	One-off
Swaps	**	**	**	Recurring
Commission	0.0	0.0	0.0	One-off

There are no commissions for CFDs on indices or WTI.

Definition of costs:

SWAPS

- *SWAPs are determined by the overnight interest rate of each currency; the overnight rate is the interest rate that the banks would in theory lend and borrow from each other.
- A swap fee is charged when a position is held overnight. As an example, for FX, the swap charge is the interest rate differential between the two currencies of the pair.
  ** SWAPs can be seen on our website and on our platform.
- We are adding Mark up on that overnight interest rate (SWAPs).

SPREADS

- The difference between the buy (Ask) price and the sell (Bid) price. When a position opens, the spread "cost" is realised. Traders should note that in the event of low liquidity, spreads might significantly increase from their normal levels.

COMMISSION

- A commission "cost" is based on volume transaction and is one charge for both opening and closing a position.

  There are no commission costs for trading CFDs on indices or WTI.

Liquidation Level

Any open positions you have on your account may be automatically closed if your available funds fall below 50% of the required margin to maintain those positions open.

How long should I hold it, and can I take money out early?

There is no minimum period that you must keep this investment open and you can open and close it at any time while the market is open. You can request a withdrawal of available funds on your account during normal working hours and this will be processed the same working day or the next working day. There is no recommended holding period, no cancellation period and therefore no cancellation fees. However, overnight funding cost can eat away at long term exposures.

How can I complain?

If you have complaint, you should contact the Compliance department at Tickmill UK Ltd. by email at complianceuk@tickmill.co.uk or by post at our address in London They will then issue you with an initial response letter and investigate your compliant. A copy of the Firm's complaints procedures can be found here. If you are not satisfied with the response, you may contact the Financial Ombudsman Service who will look into your complaint.

Other relevant information

The Legal Documents on our website contain important information regarding your account. You should ensure that you are familiar with all the terms and policies that apply to your account. Further information with regards to this product can be found on our website.